

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:

, ID No.

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Refer Reply To:

CC: INTL – PLR-154405-06

Date:

April 12, 2007

Parent =

Taxpayer =

Entity 1 =

Entity 2 =

Year 1 =

Year 2 =

Year 3 =

aa =

bb =

cc =

Country A =

In re: PLR-154405-06

Dear :

This is in response to a letter dated November 22, 2006, requesting an extension of time under Treas. Reg. § 301.9100-3 to file annual certifications under Temp. Treas. Reg. § 1.1503-2T(g)(2)(vi)(B) with respect to dual consolidated losses incurred in Years 1 and 2 that were attributable to Taxpayer's interest in Entity 1 and Entity 2. Additional information was submitted on January 4, 2007. The information submitted for consideration is substantially as set forth below.

The ruling contained in this letter is predicated upon facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for a ruling. Verification of the factual information, representations, and other data may be required as a part of the audit process.

Taxpayer was acquired by Parent in Year 3. As a result of the acquisition, Parent became responsible for filing Taxpayer's Year 2 return and Taxpayer's Year 3 short-period return. Because of this increased workload and because of turnover of personnel in Parent's tax department, the annual certifications with respect to the Year 1 dual consolidated losses of Entity 1, and the Year 1 and Year 2 dual consolidated losses of Entity 2 were inadvertently omitted from Taxpayer's Year 2 return and Taxpayer's Year 3 short-period return.

The interest in Entity 1 is a hybrid entity separate unit as described in Treas. Reg. §1.1503-2(c)(4). Dual consolidated losses of Amount aa for Year 1 are attributable to the interest in Entity 1.

The interest in Entity 2 is a hybrid entity separate unit as described in Treas. Reg. §1.1503-2(c)(4). Dual consolidated losses of Amount bb for Year 1 and cc for Year 2 are attributable to the interest in Entity 2.

The income tax laws of Country A do not deny the use of losses, expenses, or deductions of Entity 1 or Entity 2 to offset income of another person because the dual resident corporation or separate unit is also subject to income taxation by another country on its worldwide income or on a residence basis.

Treas. Reg. § 301.9100 -1(b) provides that an election includes an application for relief in respect of tax, and defines a regulatory election as an election whose due date is prescribed by a regulation, a revenue ruling, revenue procedure, notice, or announcement.

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Treas. Reg. § 301.9100-1(c) provides that the Commissioner has discretion to grant a taxpayer a reasonable extension of time, under the rules set forth in Treas. Reg. § 301.9100-3, to make a regulatory election under all subtitles of the Internal Revenue Code, except subtitles E, G, H, and I.

Treas. Reg. § 301.9100-3(a) provides that requests for relief subject to this section will be granted when the taxpayer provides the evidence (including affidavits described in Treas. Reg. § 301.9100-3(e)) to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and the grant of relief will not prejudice the interests of the Government.

In the present situation, the filings described in Temp. Treas. Reg. § 1.1503-2T(g)(2) are regulatory elections as defined in Treas. Reg. § 301.9100-1(b). Therefore, the Commissioner has discretionary authority under Treas. Reg. § 301.9100-1(c) to grant Taxpayer an extension of time to make these filings, provided that Taxpayer satisfies the rules set forth in Treas. Reg. § 301.9100-3(a).

Based on the facts and information submitted, we conclude that Taxpayer satisfies Treas. Reg. § 301.9100-3(a). Accordingly, Taxpayer is granted an extension of time of 60 days from the date of this ruling letter to file the annual certifications required under Temp. Treas. Reg. § 1.1503-2T(g)(2)(vi)(B) for dual consolidated losses incurred by both Entity 1 and Entity 2 in Year 1 with its Year 2 return and its Year 3 short-period return, and to file the annual certification for the dual consolidated losses incurred by Entity 2 in Year 2 with its Year 3 short-period return.

The granting of an extension of time is not a determination that Taxpayer is otherwise eligible to file the annual certifications. Treas. Reg. § 301.9100-1(a). For example, a taxpayer that is subject to mirror legislation enacted by a foreign country may be ineligible to file election agreements pursuant to Treas. Reg. § 1.1503-2(c)(15)(iv).

A copy of this ruling letter should be associated with the annual certifications that are the subject of this ruling.

This ruling is directed only to the taxpayer who requested it. I.R.C. § 6110(k)(3) provides that it may not be used or cited as precedent. No ruling has been requested, and none is expressed, as to the application of any other section of the Code or regulations to the facts presented.

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Pursuant to a power of attorney on file in this office, a copy of this ruling letter is being furnished to Taxpayer's authorized representative.

Sincerely,

John M. Breen
Chief, Branch 6
Office of Associate Chief Counsel (International)

Enclosure:
Copy for 6110 purposes

CC: